



Chairman's Statement

Year 2000 was a challenging year, in which the Group experienced upsurge and downturn. Although the consolidated turnover recorded an increase of 5% in comparison with last year, the Group sustained a net loss of HK\$317 million, which was mainly due to the diminution in value of the Group's investments and the impairment loss of goodwill totally amounted to HK\$268 million, representing 84% of the loss.

During the year, the economy in United States and Europe witnessed signs of recession, which in turn affected Hong Kong and its neighboring regions. With the calming down of the dot.com fever, the investment environment became gloomy, which was reflected in the sluggish performance in the international stock markets. Hong Kong is not yet recovered from the impact of the burst of the dot.com bubble. Nevertheless, the staff of the Group persisted in their posts, and continued to strive for the traditional business, at the same time consolidating the hi-tech business, with the anticipation that the combination model of the old and new economies can bring about brand new results.

The successful listing of Riverhill Holdings Limited, which is engaged in the development and provision of services in geographical information system (GIS), global positioning system (GPS), remote sensing (RS) and development of system of internet related services (IRS), on The Stock Exchange of Hong Kong Limited on 1 June 2001 has verified that our direction is on the right track. The listing was by way of initial public offer, which received very good response from the public investors with over-subscription of 120 times.

The Group also participated in other enterprises, including Inworld Holdings Limited and E-Union Information Science & Technology (Shenzhen) Company Limited, a wholly owned subsidiary of West Marton Group Limited. We wish the shareholders to witness other successful ventures in the wake of the achievement for the Riverhill Holdings Limited.

During the year, the Group increased its effective interest in the National Highway 318, section from Wuhan to Yichang in the Hubei Province in the PRC, from the original 12% to 22%. The annual traffic volume of National Highway 318 was approximately 6,000,000 vehicles in 2000. In October 2000, the relevant government department approved an increase in toll rate by 70%. It is anticipated that, the traffic volume and toll revenue of the highway will continue to increase, bringing steady income to the Group. Following the admission of the PRC into the World Trade Organization, the pace of the highway expansion and exploration projects will be expedited. Under the spirit of building the country, the Group actively explores suitable infrastructure projects for the future.



With China's imminent accession to the World Trade Organization and its economic and financial reforms, we predict that China still has strong economic growth. Our sound business model and structure both in Hong Kong and China will take advantage of the opportunities presented by such growth. In a lower interest rate environment we cautiously expect that the consumer market and financial market will rally.

Finally, on behalf of the board, I hereby express my deepest gratitude to all management and staff for their hard working and contribution during the year.

Kenneth Chi Shing Cheung

Chairman

Hong Kong, 12 July 2001